

# Transforming Queensland

## **The Case for a New Transition Authority**

### **Report on Consultation Results**

Dr Amanda Cahill  
February 2022

**The  
Next  
Economy**

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[info@nexteconomy.com.au](mailto:info@nexteconomy.com.au) [nexteconomy.com.au](https://nexteconomy.com.au)

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# **Transforming Queensland: The Case for a New Transition Authority**

## Report on Consultation Results

by Dr Amanda Cahill, February 2022

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### **Acknowledgement of Country**

We wish to acknowledge the Jagera and Turrbal Peoples, traditional custodians of the land on which this report was prepared. We pay our respects to their Elders, past and present, and offer our solidarity and support to First Nations groups across the country working towards economic sovereignty and justice.

### **About The Next Economy**

Communities and organisations all over the country are feeling the burden of economic change, often bearing the brunt of policies that don't appreciate the true value of regional economies. Change is inevitable, and with that comes great anxiety. But it also comes with great opportunities. We work alongside communities, industries and governments to harness those opportunities that will work for people and the planet on which we all depend.

Find us at: [www.nexteconomy.com.au](http://www.nexteconomy.com.au)

# Executive Summary

The Queensland economy is being transformed as the world embraces the challenge to phase out fossil fuels and rapidly expand renewable energy generation in pursuit of net zero emissions goals. As one of the world's biggest exporters of coal and gas, and with an ongoing reliance on coal fired electricity generation, these changes pose huge risks to the Queensland economy. They also present us with massive economic opportunities, given the state's abundance of solar, wind and mineral resources.

Whether Queensland can mitigate the economic risks and take advantage of the growing opportunities in decarbonising the global economy comes down to whether we are able to support the most impacted communities and workers to transition to new jobs and industries, and to do so in a way that not only protects our environment but leads to more equitable benefit sharing across society.

The experiences of other regions and countries demonstrates that change can be managed well, but it requires a high degree of leadership, resourcing and coordination from government. Transition authorities have proven a successful vehicle to support governments in this task by bringing together stakeholders from across government, industry and the community to plan and coordinate efforts to proactively manage the phase out of fossil fuels and expansion of renewable energy.

Throughout 2021 The Next Economy undertook extensive research and consultation to investigate the types of support regions across Queensland need to manage the economic, social and environmental changes associated with the transformation of the energy sector. This included assessing whether Queensland would benefit from establishing a transition authority to work with government to manage the transition to net zero emissions.

Using a variety of community engagement tools, interviews, and surveys, The Next Economy consulted with 203 representatives from across the energy sector, heavy industry, all levels of government, traditional owners, research and training institutions, unions, environment groups and social service organisations.

This paper summaries the results of this research, with a particular focus on the following questions:

- What are Transition Authorities?
- Why does Queensland need a transition authority?



- What is the level of support for establishing a transition authority in Queensland?
- What are the key factors that need to be taken into consideration in the design of a transition authority?
- How could a transition authority be structured?
- What are the next steps in setting up a transition authority?

The research revealed a high degree of consensus across all stakeholder groups that more needs to be done to plan and coordinate all aspects of change in the energy sector to ensure ongoing energy security and affordability; workforce development; industry adaptation; economic diversification; healthy land and waterways; and equitable benefit sharing.

While there were some differences in views regarding what form a transition authority should take, particularly in terms of its level of autonomy from government, there was a very high level of agreement across all stakeholder groups that establishing some form of transition authority would be beneficial. Respondents noted that similar entities (whether in the form of taskforces, statutory authorities or offices within central line agencies) have proven extremely useful ways to support government when grappling with complex and large-scale structural change, particularly when the responsibilities for managing that change fall across traditional departmental boundaries.

Given the high level of support for establishing a transition authority, the paper concludes with some recommendations for further work to clarify the legal, financial, governance, timing and other implications of establishing a transition authority to support regions and workers as the state grapples with the implications of decarbonisation.



# Transforming Queensland: The Case for a New Transition Authority

Queensland is already grappling with the impacts of a changing energy system as it navigates the transition<sup>1</sup> to net zero emissions.

As one of the world's major exporters of coal and gas and with a continuing reliance on coal fired electricity plants for electricity generation, Queensland is particularly vulnerable to changes in the energy sector. While regional Queensland is most at risk economically from these changes, the regions could also benefit if we are able to manage change well, with the potential for Queensland to become a global renewable energy superpower.

Numerous reports have clearly articulated both the economic opportunities and risks for regional Australia as we transition to net zero emissions. Modelling by Accenture in one recent report<sup>2</sup> suggests that over 395,000 jobs could be created if Australia is able to capitalise on changes to the energy sector to become a 'renewable energy superpower'. Another recent report by Deloitte<sup>3</sup> projects that the Queensland economy could grow by 7% if it manages the transition to net zero emissions well.

These and numerous other reports focus not only on the jobs created in renewable energy construction, generation, storage, transmission, but also in renewable export industries such as hydrogen and green metals processing.<sup>4</sup>

The diversification of the mining sector into the exploration, extraction and processing of minerals needed for renewable industries (such as copper, zinc, nickel, cobalt, and vanadium) also offers revenue and job creation opportunities, even as the international demand for Australian coal, gas and other fossil fuel commodities are expected to decline over the next few decades.

The increased availability of lower cost renewable energy also holds the potential for a renaissance of Australian manufacturing, with the potential for Australia to produce at scale a range of renewable energy products such as batteries, wind turbine parts, solar panels and biofuels.

1 'Transition', 'transformation' and 'change' are used interchangeably throughout this document to refer to the changes in the energy sector and their impact on regional areas. In discussing the need for and type of entity that could support regional areas manage change, we have used the generic term 'transition authority' throughout this document, as it is a term used internationally.

2 Accenture (2021) Sunshot: Australia's opportunity to create 395,000 clean export jobs.

3 Deloitte (2021) People Powering the Future: Skilling Queenslanders for the clean transformation.

4 Accenture (2021), Beyond Zero Emissions (2020), Blueprint Institute (2021), Cahill (2020), Deloitte (2020), Deloitte (2021), Grattan Institute (2020).

Beyond the energy sector, the need to reduce and absorb emissions in other areas is generating new opportunities in the land-use and agriculture, transport, housing, digital technology and waste sectors – opportunities that could unlock trillions of dollars of new investment into regional Australia. Additional investment and work opportunities in climate adaptation are also emerging to support regions to develop greater resilience to climate impacts.

Queensland is particularly well placed to capture these new economic opportunities which have the potential to reduce our reliance on export revenue from coal and gas. The technology, technical expertise, infrastructure and natural resources already exist, and exist in the regions that will be heavily impacted by the declining demand for fossil fuels. But whether these opportunities come to fruition depends on our ability to not only develop new industries, but proactively manage the phase out of fossil fuels – both domestically and for export.

If Queensland is unable to find a way to tackle the question of how it will ramp down fossil fuel use and manage the eventual decline in the international demand for Australia's coal and gas exports, the state risks:

An increasingly unstable electricity supply and disorderly exit of existing coal fired electricity plants, with a severe and negative impact on workers and communities.<sup>5</sup>

- Existing industries becoming less globally competitive as our trading partners reduce their reliance on Australian coal<sup>6</sup> and gas imports and start to impose penalties and sanctions on countries not doing enough to reduce fossil fuel use.<sup>7</sup>
- Mixed messages fuelling growing tension across communities given the number of new coalmines that continue to be approved, the imminent closure of others, as well as the uncertain future of Callide B and other power stations that are struggling to compete with renewable energy providers.

Managing changes in the energy sector as we decarbonise the economy is a complex and multifaceted task, particularly in a state with strong economic ties to fossil fuel use and exports. This includes not only ensuring a secure and affordable supply of energy, but also coordinating efforts and support for economic diversification, workforce development, environmental protection, industry adaptation and managing social impacts.

5 See: Smith, W. & Phillips, T. (2022) Who's Buying? The Impact of Global Decarbonisation on Australia's Regions. Centre for Policy Development, Melbourne.

6 Recent modelling by the Australian National University (2021) suggests that China could (maintain its ban on Australian coal) and power its economy without importing any further coal from Australia into the future.

7 A number of other countries including the US, Japan and Korea are considering introducing similar tariffs to the European Union's Carbon Border Adjustment Mechanism.

Throughout 2021, The Next Economy has undertaken a series of community engagement and research activities to assess the kinds of support Queensland's regions need to be able to take advantage of emerging economic opportunities while managing the risks and challenges of the energy transformation. The work presented in this report builds on these activities which were conducted across two phases of consultation in 2021.

The **first phase** of consultation (March–November) focused on the broader question of what type of support regions need to better manage change in the energy sector for long term economic resilience. Research activities included:

- A review of the international literature on how other regions and countries are managing change in the energy sector. (March–December 2021)
- Interviews, meetings and panel discussions with professionals working to support fossil fuel regions in other parts of Australia, including in the Latrobe Valley and Geelong in Victoria, the Hunter Valley in New South Wales, and the Collie Region of Western Australia. (February – November 2021)
- Workshops and interviews with participants attending the Central Queensland Energy Futures Summit, held in Gladstone in April 2021. This included 147 stakeholders from across all levels of government, the energy sector, industry, unions, environment groups, training institutions, traditional owner groups and other community members. (March–April 2021)
- Meetings with local government representatives across Central Queensland and state and federal government agencies including the Departments of: Premier and Cabinet; State Development; Treasury; Resources, Energy and Public Works; Regional Development, Manufacturing and Water; Environment and Sciences; Queensland Treasury Corporation, the Coordinator General's Office, Trade and Investment Queensland, ARENA and the Clean Energy Finance Corporation. (May–August 2021)

A consistent finding during the first consultation phase was the need for greater regional coordination and planning to manage change in the energy sector for long term economic prosperity. Respondents from across a range of industry, government, union, training, traditional owner and environment groups expressed a high level of support for the formation of a transition authority to lead coordination and planning efforts in Queensland.

In response to this interest, and requests for more detailed information on the role and structure of transition authorities, The Next Economy drafted a discussion paper called ***Transition Planning Support for Regional Queensland*** to inform the second phase of consultation. The report explored the role that transition authorities could play in Queensland to better manage changes in the energy sector for long term economic benefit.



During the **second phase** of consultation (December 2021), The Next Economy asked key experts working on the energy transition and regional development, as well as senior representatives of local governments, energy companies and regulators, industry, unions and environment groups to provide their views on whether Queensland needs to establish a new entity such as a transition authority to better coordinate and manage change as the state decarbonises, and if so, what form it should take. This included:

- Surveying 28 senior representatives of local government, energy generators (fossil fuel and renewables), industry, economic development agencies, unions, environment groups, training providers and researchers.
- Conducting in-depth interviews with four regional economic development specialists from across academia and Regional Development Australia offices.

A full list of those consulted throughout 2021 is included at the end of this paper in Appendix A.

**Table 1: Summary of Consultation Activities**

Phase	Research Questions	Activities	# People
Phase One (Feb–Nov 21)	<p>What is the impact of the changing energy sector on regions?</p> <p>What support do regions need to better manage change in the energy sector to ensure long term economic benefits?</p> <p>How are other regions across Australia and the world managing the phase out of coal?</p>	<p>Literature Review</p> <p>Interviews with transition experts supporting coal communities across Australia (5 people)</p> <p>Workshops with participants attending the Central Queensland Energy Summit (147 people)</p> <p>Meetings with government agencies and regulators on findings from engagement activities (19 people)</p>	171
Phase Two (Dec 2021)	<p>What role can transition authorities play in supporting regional areas to better manage change?</p> <p>Would Queensland benefit from establishing a transition authority?</p> <p>What form could a Queensland Transition Authority take and what relationship would it have with government?</p> <p>What is the role of government in supporting change in the energy sector and how does this differ from / complement the role of a transition authority?</p>	<p>Survey of leaders across industry, government, regional economic planning, local government and academia to gather feedback on the Discussion Paper: <b>Transition Planning Support for Regional Queensland</b> (28 people)</p> <p>Interviews with experts in regional economic development and planning (4 people)</p>	32
<b>Total Number Consulted</b>			<b>203</b>

The purpose of this paper is to summarise the feedback gathered from stakeholders in response to the question of whether Queensland would benefit from establishing a transition authority to better manage changes in the energy sector as we transform the economy on the path to net zero emissions. The main questions explored in this paper include:

- What are Transition Authorities?
- Does Queensland need a transition authority?
- What is the level of support for establishing a transition authority in Queensland?
- What are the key factors that need to be taken into consideration in the design of a transition authority?
- How could a transition authority be structured?
- What are the next steps in setting up a transition authority?

The analysis and recommendations presented in this paper are best understood when read in conjunction with the discussion paper that accompanied the survey: ***Transition Planning Support for Regional Queensland: A Discussion Paper***. Further context is also found in the Central Queensland Energy Futures Summit Report, which can be found on The Next Economy's website.<sup>8</sup>



<sup>8</sup> See: Central Queensland Energy Futures Report: [https://nexteconomy.com.au/wp-content/uploads/TNE-CQ-Energy-Futures-Report-02\\_0601.pdf](https://nexteconomy.com.au/wp-content/uploads/TNE-CQ-Energy-Futures-Report-02_0601.pdf)

# Introducing Transition Authorities

Transition authorities have played a significant role in helping regions to navigate changes in the energy sector in other parts of Australia and the world. This has included coordinating planning efforts to ensure energy security, economic diversification, industry adaptation, environmental regeneration and positive social outcomes.

In Australia, the Latrobe Valley Authority, which was established after the announcement of the closure of the Hazelwood Power Station in Victoria, is the most well-known example. Similar approaches to transition planning have also been adopted by the Western Australian government with the formation of the Collie Delivery Unit and the newly established Expert Panels which will oversee the distribution of the Royalties for Rejuvenation program across the Hunter Valley, Illawarra, Wollongong and Lithgow Regions in New South Wales. National transition authorities have proven crucial in managing the impacts of a changing energy sector in Germany, Canada and Spain, with new initiatives and funds more recently developed in the United Kingdom and United States.

The main role of a transition authority is to work with all affected communities and other key stakeholders to coordinate activities to strengthen and diversify regional economies as fossil fuels are phased out and renewable energy expands. While the scope of responsibilities for transition authorities in other parts of Australia and the world varies, a review of the literature and interviews with transition experts suggests that they fulfil three main functions. The first responsibility of a transition authority is to facilitate long-term regional planning and coordination to reduce the negative impacts associated with the phase out of fossil fuels and to facilitate new economic opportunities.

The second main role of a transition authority is to ensure that all stakeholders<sup>9</sup> can meaningfully participate in decision making processes and in the design of new plans and programs to decarbonise the economy, and that they remain informed and able to participate as change unfolds over time.

With a strong regional presence and working relationships across different sectors and levels of government, the third responsibility of the transition authority is to be across all aspects of the energy transition to enable the flow of information and

<sup>9</sup> The list of relevant stakeholders include all levels of government, industry, workers, traditional owners, education institutions, regional economic development agencies, social services, environment groups and other community groups.

resources to enable effective, timely and regionally appropriate investment and action. This includes working with the relevant agencies and groups to facilitate:

1. **Energy Security, Stability and Affordability:** Working closely with relevant agencies, technical experts, regulatory bodies and industries responsible for ensuring energy security, stability, affordability and accessibility. While transition authorities tend not to be responsible for the technical aspects of energy generation, storage and transmission, they contribute to planning, decision making and coordination processes.
2. **Regional Workforce Support and Planning:** Coordinate long-term support to workers in fossil fuel industries well in advance of closures, including overseeing the development of training programs, redeployment schemes, income support, and early retirement schemes. This also includes ensuring companies meet their responsibilities to workers in terms of redundancy payments and entitlements and supporting education institutions to train workers in the skills they need for current and future industries.
3. **Economic Diversification:** Support industry and SMEs to adapt to changes in the energy sector and build on and promote the strengths of the region to attract new investment and jobs. This includes working with relevant agencies, industry bodies and economic development agencies to develop markets, supply chains and local procurement policies.
4. **Investment in Regions:** Provide a vehicle to attract and channel public, private and philanthropic funds into transition initiatives designed to reduce negative impacts and build long-term resilience, wellbeing and prosperity across the region.
5. **Infrastructure Development:** Work with industry and government to identify regional infrastructure needs and leverage investment to ensure that new developments benefit the whole region. This includes supporting existing industries to access to what they need to adapt, and contributing to the planning of new initiatives such as Renewable Energy Industrial Precincts.
6. **Research and Development:** Identify and commission research activities and expertise as needed to support decision making processes and identify pathways to develop local technical capacity for emerging industries.
7. **Land and Water Management:** Work with the relevant agencies, industries and community groups to maintain, protect and regenerate land and water resources as fossil fuel generation and mining is phased out and renewable energy capacity is expanded. This includes working with the relevant agencies (for example, the Mine Rehabilitation Commissioner, DES, Department of Resources and others) to ensure adequate and timely decommissioning, rehabilitation and repurposing of power plants and mine sites.



- 8. Community Benefits:** Liaise with social service organisation, government agencies and local governments to mitigate the negative impacts of the transition on the community and ensure that the benefits are shared widely, particularly with those already economically marginalised such as young people, women, First Nations communities, the long term unemployed, people with disabilities and those from linguistically and culturally diverse backgrounds.
- 9. Policy and Regulatory Frameworks:** Work with state and federal governments to identify and develop appropriate regulations, policies and targets to manage the decarbonisation process in a way that builds long-term economic resilience.

Despite governments in other states with significant economic ties to coal having already instigated different forms of transition authorities, Queensland currently lacks a clear mechanism or vehicle to coordinate action across the areas listed above. Planning is being undertaken on some aspects of the transformation, including efforts by the Queensland Hydrogen Taskforce and the CQH2 Alliance to coordinate efforts across industry and governments with a stake in the hydrogen industry. This work is essential to Queensland establishing a competitive foothold in an emerging global industry that has the potential to generate significant export revenue, however planning efforts are mostly focussed on addressing the technical, financial and training needs of the emerging hydrogen industry, rather on the broader economic needs of a range of industries across regional Queensland.

Similarly, significant modelling and technical analysis is being undertaken by different government departments in consultation with government owned corporations and other industry players on future energy needs and the development of the transmission and storage infrastructure across the state (such as the Ministerial Energy Roundtable and Renewable Energy Zone consultation activities to develop the 10 Year Energy Plan). Consultation is also being undertaken by the Department of Resources to develop the Queensland Resources Industry Development Plan.

Consultation has also been underway at a federal level over the past year, including submission processes related to the Energy Charter; the Energy Security Board's review of the Post-2025 Electricity Market Design; and closed workshops on the concept of Clean Energy Industrial Precincts.

Individual companies, port authorities and some councils are starting to develop transition or decarbonisation plans, however most of this work is not publicly available and has not necessarily been developed in consultation with a wide range of stakeholder groups.

All of the work currently being undertaken by governments and industry groups is extremely important in that it provides the foundation for industries to adapt and explore the emerging opportunities that will support regions into the future, yet these efforts are not enough on their own. Missing from current efforts to manage change in the energy sector are clear processes to facilitate communication and coordination across different sectors, departments and the broader range of groups with a stake in the energy transition. Nor are the results of planning and consultation efforts always shared publicly to facilitate informed decision making and accountability.

**Table 2: Transition Authorities Managing Coal Phase-Out Across Australia**

State	Entity	Est.	Purpose	Structure	Funding
VIC	Latrobe Valley Authority	2016	Established by Premier and Cabinet to manage the closure of Hazelwood Power Station and diversify the Latrobe Valley economy.	Legislative Committee, reports to Premier & Cabinet	> \$335 million over 5 years
NSW	Hunter Expert Panel	2021	The Expert Panel, consisting of a range of community representatives from across union, environment, industry and local government, will oversee the distribution of the Royalties for Rejuvenation Fund to support long term economic development.	Statutory Expert Panel	\$25 million per annum
WA	Collie Delivery Unit	2019	Established to develop a transition plan to manage the closure of mines and power station and invest in regional economic development initiatives to create new jobs and industries.	Office within the Department of Premier and Cabinet	\$100 million per annum

## Level of Support for a Transition Authority in Queensland

There was almost unanimous agreement during the first phase of consultation undertaken by The Next Economy that regional Queensland would benefit from greater coordination and planning support to manage change in the energy sector. Interviews and survey responses during the second phase of the consultation further confirmed a high level of agreement that Queensland would benefit from establishing a new entity like a transition authority to support regions to better manage changes associated with the transformation of the energy sector. As one survey respondent commented:

We are decades behind, and this should be an absolute top priority.

(ENVIRONMENT REPRESENTATIVE)

Respondents emphasised the need for much better coordination between government agencies, across sectors and between regions and the government, but also emphasised that the role of any new agency should complement, rather than replicate any of the functions of government.

When asked if there were already bodies in place that could take a greater role in supporting planning and coordination, no-one surveyed or interviewed could identify an appropriate organisation that would have the capacity and reach to manage all aspects related to the transformation of the energy sector. Some however emphasised the important role some organisations play in facilitating particular aspects of the transition, such as government agencies (e.g. the role the Department of State Development plays in supporting new industry development) and regional economic development agencies such as Regional Development Australia and the Toowoomba and Surat Basin Enterprises.

While survey respondents and transition experts were almost unanimous in their support for the establishment of a transition authority, some noted that the success of any new entity would depend on a number of factors, including how the operating parameters were defined.

**Table 3: Survey Responses to Discussion Paper: Transition Planning for Regional Queensland**

Survey Statement	Disagree	Neither Agree nor Disagree	Agree
1. Queensland needs to establish transition authorities to manage changes in the energy sector so that we can mitigate risk and take advantage of the economic benefits.	1 <sup>10</sup> (3.57%)	1 (3.57%)	26 (92.85%)
2. There are already organisations in place that can manage all aspects of the energy transition (ie: energy security, industry adaptation, economic diversification, workforce issues, land and water management, community benefits) and so we do not need a separate body.	25 (89.28%)	3 (10.71%)	0 (0%)



<sup>10</sup> Two survey respondents initially indicated that they 'strongly disagreed' with the idea that Queensland needs to establish transition authorities, however one of the respondents later clarified by email that he did indeed believe that the state government should set up transition authorities to manage the transformation of the energy sector.



# Why Queensland Needs a New Authority

A recurring theme highlighted throughout the literature review, survey responses and some of the interviews was that both international and domestic attempts to manage changes in the energy sector demonstrate that doing it well requires government intervention to support long term planning, vision, coordination and funding. One respondent pointed out that all other Australian states with coal fired electricity plants have now established transition authorities and suggested that without concerted efforts to manage change in Queensland, regions are bound to suffer long term negative social, economic, environmental impacts.

The top five reasons for Queensland establishing a transition authority as identified by respondents across all stakeholder groups were:

## 1. The Ability to Seize Emerging Economic Opportunities

The range and scale of economic opportunities that are emerging as the world decarbonises is unprecedented and goes beyond the development of a single industry. With its world class solar and wind resources, as well as reserves of new economy minerals and manufacturing capacity, Queensland is extremely well placed to take advantage of many of these economic opportunities including in renewable energy generation and storage, green hydrogen, new minerals, green metals, electric vehicles, biofuels and the manufacturing of batteries and other renewable energy components.

Many of the survey respondents noted the urgency with which Queensland needs to act if it is to establish a competitive foothold in these industries and capitalise on the billions of dollars of new investment on offer. Some interview and survey respondents highlighted examples from the past (such as the expansion of the LNG industry) as evidence that the government can support rapid industrial change and the reason why it is important to engage early with communities to ensure long term economic benefits are captured by regions.

Respondents also emphasised the potential role a transition authority could play in directing more attention, resources and planning efforts to develop a broader range of industries on the back of the expanding renewable energy generation capacity, not just hydrogen. Examples included the opportunities in mining and processing new economy minerals, green metals production and ramping up the manufacturing of renewable energy projects such as batteries, electric vehicle parts and renewable energy components such as wind turbine blades and towers.

Some local government representatives also noted the need to support regions with limited capacity to be able to take advantage of new investment and economic development opportunities. As one noted:

Capacity is the real issue. Most [councils] are lucky if they have an economic development officer and something like this would be beyond most people to know where to start.

In addition to planning support, some suggested that transition authorities could play a role in helping to expand the skills of workers and businesses as well as facilitate local content provisions/procurement contracts so that locals can effectively take advantage of opportunities as they arise.

## **2. The Need to Proactively Manage the Decline in Fossil Fuel Use**

While many respondents agreed that the government's focus on supporting new economic opportunities was important as Queensland tackles the complex task of decarbonising its economy, they also noted the need for a more direct approach to managing the phase out of fossil fuels. Given the high chance of coal closures (both mines and plants) over the next decade, as well as international pressure on Australia, and the Federal Government's adoption of net zero emissions targets, many believed that there is a growing need for Queensland to develop clear plans to manage the inevitable decline of the coal industry.

We need acknowledgement that while there is opportunity for jobs and economic growth there will also be job and business losses for those not able to adapt and retrain – this process will also need to be part of the planning process.

(LOCAL GOVERNMENT OFFICER)

Some respondents reported that the government's hesitancy to set clear targets and plans to deal with the inevitable closures of mines and coal fired power plants is creating challenges for industry and investors wanting policy certainty, concerns among workers in the coal industry, and confusion among community members about the future of their region.

Some felt that establishing an independent authority could take some of the pressure off Government-Owned Energy Corporations to have to advocate for changes that work against their business model, while at the same time could also assist them to come up with the best possible support mechanisms for their workers and communities by drawing on opportunities from across the sector (for example, working across a number of companies to facilitate

redeployment and training schemes for workers). As one energy company representative commented:

We need collaboration to get it right as we all don't have the answers, so the more that a transition authority can facilitate that collaboration to make better decisions, the better. In the end, the GOCs will have to be the one to shut [the power stations], but transition authority can help us think through how to do it in way to get best outcomes for everyone.

### **3. The Task is Too Complex for Government or Industry to Manage Alone**

Another common reason cited in support of the establishment of a transition authority was the complexity of the challenge facing regional areas as the Queensland decarbonises, not only because the impacts and opportunities will vary across regions, but also because the responsibility for planning and action for each area falls across different government portfolios and jurisdictions. Some reflected that the scale of the challenge facing us now is even more complex than the rapid expansion of the LNG industry. The level of investment in market and supply chain development, industry adaptation, infrastructure and workforce development needed to be able to scale up not one, but multiple industries powered by renewable energy is unprecedented. This cannot be managed in a top-down fashion but requires coordinating and mobilising a wide range of government, industry and other stakeholders to develop long term regional plans tied to a state-wide strategy.

Some of those interviewed with extensive regional development experience suggested that a transition authority could fill the role of an 'intermediary' or 'backbone organisation' that coordinates the flow of information and resources to enable others to act and implement plans in a timely way for maximum positive effect. It could also play a crucial role in ensuring communication flows between those working at a regional level and state and federal government for better and more timely decision making. This view was also reflected strongly in the survey responses, with all but two of the survey respondents agreeing that Queensland needs to adopt a more proactive and coordinated approach to managing change that brings together all levels of government, traditional owners, regulators, industry, unions, education institutions, environment and community groups.<sup>11</sup>

Some also warned against leaving long term planning and economic development decisions to industry to manage on their own, citing some of the less positive outcomes of the LNG experience for communities across Queensland.

<sup>11</sup> The one exception was a union representative who felt that environment groups should not be invited onto any representative committees.

## 4. The Need to Address Environmental Impacts and Reduce Emissions

Respondents also noted the growing challenges that need to be addressed in relation to maintaining and protecting environmental assets as the energy sector transforms regional economies. This included growing tension over competing land use with regards to new renewable energy projects and growing concerns about water as the hydrogen industry develops. Respondents not only advocated moves to ensure that the right regulations and policies are in place as industries change and develop, but also to explore the economic potential of environmental regeneration, given the amount of interest from global investors in nature-based initiatives to draw down carbon. Others also noted the significant amount of work that needs to be undertaken to establish and protect nature corridors and rehabilitate mine sites.

The authority should ensure the environmental viability of all new energy projects (eg, don't chop down a rain forest to build a wind farm without real and demonstrable offsets, such as planting twice the area elsewhere).

(ENVIRONMENT REPRESENTATIVE)

A less frequently mentioned, yet important environmental consideration raised during interviews with transition experts and environmental groups was the risk of Queensland failing to adequately reduce emissions to limit global warming to below 1.5 degrees Celsius, particularly in the absence of an entity with the authority to support different stakeholders to implement practical steps to reduce and absorb emissions across different economic sectors. Establishing a transition authority with a clear mandate that includes coordinating action to reduce emissions across all sectors of the economy would help to accelerate meaningful action to avoid long term climate impacts on agricultural production, exacerbating costs associated with increasingly severe natural disasters,<sup>12</sup> and rising insurance premiums.

## 5. The Need for an Independent and Trusted Voice to Better Connect Different Stakeholders, Regions and Government

A common theme in discussions with all stakeholders, particularly during the first phase of consultation undertaken by The Next Economy (eg: The CQ Energy Futures Summit in April 2021) was the need for clear and trusted leadership to address an increasing level of confusion and frustration in coal communities. A similar sentiment was expressed by some of those surveyed in the second phase,

<sup>12</sup> Deloitte (2020), Investor Group on Climate Change (2020).



concerned that the level of misinformation and confusion across Queensland about the future of coal and what changes in the energy sector mean for regional areas is fuelling a sense of polarisation and division, particularly in coal regions.

Civil society stakeholders expressed views in both interviews and surveys that the state government had been largely silent (or at the very least, not very transparent) about how it planned to manage the phase out of coal and that this was only adding to the general sense of mistrust and disillusionment in the community. While sympathetic to the political challenges of openly discussing the future of coal, many felt that it was time to tackle the question of how Queensland would manage the inevitable decline of the industry to avoid further exacerbating social division and confusion.

Given the political sensitivities surrounding the future of the coal industry, many respondents suggested that a transition authority that is 'sufficiently at arms-length from government' may be better positioned to engage with the public, lead planning and coordination efforts, and advise government as things change over the next few decades.

The five points outlined above were consistently raised in survey responses, interviews and community engagement activities as the main reasons to establish a transition authority, however there were some differences in views between the groups of stakeholders interviewed. Local government, industry, and civil society representatives tended to emphasise slightly different points as the rationale for establishing a transition authority that are worth noting here.

## Feedback from Key Sectors

### Local Government Feedback on the Need for a Transition Authority

**Local governments** repeatedly expressed concerns that the current absence of processes and structures to coordinate and communicate changes across the energy sector was contributing to challenges such as:

- The current lack of a coherent vision or plan at a regional or state level that considers the impacts and opportunities of the energy transition is making it difficult for local governments to assess the appropriateness of new developments and to work out how to capture benefits for the local community. While the soon-to-be released Energy Plan will hopefully go some way to addressing these concerns, local government will still need support to translate state government goals to action at a regional level.
- The lack of coordination at a state or federal government level is creating a void that others (such as private consulting firms or industry) are starting to fill. Concerns raised by local government representatives included a lack of coherence and transparency around planning initiatives, that a lot of information was being withheld because of competition between corporate players, the challenges of sorting fact from industry ‘spruiking’, and the lack of accountability to the public.
- Competition is emerging between regions for funding and the attention of government, developers and investors. Many are concerned that some areas will be left behind as the larger centres like Gladstone and Townsville attract the attention of investors.
- Concerns that infrastructure will be developed in a piecemeal fashion and not be designed in a way that benefits multiple industries or regions over time. One example cited was the competition between companies during the rapid expansion of the LNG industry leading to unnecessary expenses being incurred when three different companies constructed separate pipelines when one could have sufficed.
- A lack of clarity about where the funding will come from to manage change over the long-term. While there is significant funding to support some aspects of the energy transition (eg: hydrogen hubs), other funding is piecemeal and difficult to locate.

- Not enough is being done to manage the negative impacts of both the decline of fossil fuels over time and/or the rapid expansion of renewable energy.
- Concerns that the progress councils are making to apply circular economy and local procurement principles won't be integrated into the energy transformation at all levels.
- Concerns that in the absence of an honest public conversation about the energy transition, continuing misinformation will fuel confusion and social division at a regional level.

## Industry Feedback on the Need for a Transition Authority

Common concerns raised by the **private sector** (industry representatives, investors and business leaders) include:

- The challenges faced by industry in building new and adapting existing industries fall across different government jurisdictions, which is extremely difficult for even experienced developers to navigate.
- Competition between companies is stymying the flow of information and coordination needed to build new industries and sectors.
- As the energy system evolves, new policies and regulations will be needed to 'level the playing field', de-risk investment and protect the integrity of emerging industries so that everyone is accountable to the same ESG requirements.
- Government needs to undertake long term investment in workers to ensure that the right skill sets are in place to meet the needs of emerging industries and that there are enough workers ready to be deployed.
- The lack of clear targets and a plan as to how the State will manage the ramping down of coal fired electricity generation as renewable energy generation and storage and energy efficiency measures ramp up.
- While companies are increasingly investing in efforts to improve their social license and meet their ESG commitments to address financial and legal risks, some industry representatives noted that they cannot regulate themselves entirely, particularly when there are so many new players entering the energy space. Some also reflected that it is not their responsibility to enforce practices to encourage positive long-term social and environmental outcomes, or to ensure how the economic benefits are shared with the communities they operate in.

## Civil Society Feedback on the Need for a Transition Authority

Other groups with a stake in the transformation of the energy sector such as **unions, environmental groups, traditional owners, social service sector organisations and community groups** have also raised concerns about the current lack of coordination and planning to manage change, particularly at a regional level. Common concerns relate to questions about:

- Where the responsibility lies for managing environmental and social risks (such as impact of industry development on cost of living, housing prices, water quality and accessibility).
- How workforce changes will be managed across different industries and regions as work on fossil fuel projects reduces over time and automation and competition for workers in new industries expand. A strong theme in community forums is that any new jobs are well-paid local jobs, and that more work needs to be done to address ongoing skills shortages across a range of sectors (eg: construction, financial services, agriculture and health and community services).
- How the emergence of large-scale industrial development can be leveraged to support other local businesses and services through procurement policies and formal benefit sharing agreements.
- How all stakeholders will be able to participate in transition planning activities in meaningful ways that hold decision makers to account over time.
- Increasing conflicts over land and water in relation to the development of new renewable energy industries.
- Whether the transition will be managed fast enough to sufficiently mitigate climate impacts, and how regions will adapt to climate change.

It is for these reasons that there was very strong support (across all of the community engagement, interview and survey respondents) for the need to establish a transition authority that could work at a regional level to better manage change in the energy sector. The level of coordination required in such a complex policy space, as well as the unique circumstances of each region means that the transition cannot be left to market mechanisms to resolve. To ensure a just and orderly transition that benefits everyone, government coordination and funding is needed at both a national and state level to support regions to manage change.

## Possible Structures for a Transition Authority

While there was a high level of consensus across all survey responses, interviews and community engagement discussions that greater coordination and planning



support is needed so that regions can better manage and adapt to changes as the energy system is transformed to ensure long term economic prosperity, there were a variety of views regarding what form this should take.

Overall, there was strong agreement that some kind of body needs to be established for the expressed purpose of facilitating better coordination and planning across government departments, between government and regions, and across different economic sectors. The strongest support for the establishment of an independent statutory authority was among those surveyed in December 2022.

**Table 4: Survey Results on the Ideal Structure of a Transition Authority**

Survey Question	# Respondents	% Respondents
<b>My preference in terms of governance structure is:</b>		
a. An independent board / company separate to government	0	0%
b. A statutory authority that works closely with government but is independent	26	92.86%
c. A body that sits within government and reports to government	2	7.14%
d. None of the above	0	0%

Those who were most supportive of the statutory authority model emphasised the importance of any new body having enough independence and power to fulfil its mandate regardless of the politics of the day.

I think the independent statutory authority is the best model, but I also think that any of the above models can work given community endorsement, a clear role, durability of funding, and capacity to implement activities that meet community needs. An independent statutory model is most likely to fit the bill, but it can happen inside or (potentially less successfully) outside government if that is what is possible. It's somewhat horses for courses, based on regional community needs, regional stakeholder coherence and collaboration, and political/funding opportunities.

(UNION REPRESENTATIVE)

Regardless of the specific form a transition authority could take, there was consistency in the views expressed across stakeholder groups during both phases of consultation regarding the specific design elements that should be considered if establishing a transition authority.

## Design Considerations

While transition authorities take on different forms, the experience of other regions and countries suggests that successful models share a set of common features. Interestingly, these design features were also identified by participants across both phases of consultation and include:

### Clear and Legislated Mandate

It is important that the mandate clearly specify that the role of the transition authority is to support regions impacted by the decarbonisation of the economy to develop long-term economic, social and environmental resilience and prosperity. This includes coordinating and facilitating planning, investment and action across all levels of government, industry and other stakeholders to both facilitate the development of new industries and manage the closure /decline of fossil fuel and other industries.

Specifying the mandate clearly in legislation offers a degree of protection against political interference so that transition authorities can serve the long-term needs of regions and make difficult and unpopular decisions when necessary.<sup>13</sup>

It is important that mandates also stipulate the limits of responsibility so that the authority does not replace or duplicate the work of existing agencies already working on specific aspects of the transition such as the Queensland Hydrogen Taskforce, Mines Rehabilitation Commissioner or economic development organisations such as Regional Development Australia, Greater Whitsunday Alliance, Townsville Enterprise Limited or the Toowoomba and Surat Basin Enterprise (TSBE). The role of a transition authority would be to work closely with these and other planning bodies, to coordinate planning and the flow of information and resources to support the smooth decarbonisation of regional economies in a way that builds long-term economic resilience (rather than economic development per se).

The Authority needs to have sufficient funding to liaise closely with companies, communities and workers to enable it to be seen as a well-informed body but also one which is an advocate, if not a champion, for change. In addition it must be able to draw upon the expertise of Govt departments, universities, TAFE, business and unions and put that expertise to work. It must also be a player in the education and training area here it puts forward solutions which will lead to better skilling outcomes, for workers and companies.

(UNION REPRESENTATIVE)

<sup>13</sup> The legal ramifications of different governance models will require further investigation and formal legal advice.

## Timing is Everything

For a transition authority to be most effective, they need to be established with a long-term mandate and be operational well in advance of any closures so that transition plans are already in place and investment, support programs and infrastructure projects are already underway. Given the number of changes that are likely to occur in the coal industry alone over the next decade, many of those surveyed and interviewed suggested a minimum timeframe of ten years. Some respondents suggested that we should be looking to establish an authority for fifteen to twenty years, however others suggested that it may be wiser to limit the duration of the authority to however long it takes to complete its mandate (rather than specifying a specific time period).

These are long run problems that can't be addressed over political cycles. Time, credibility and space must also be created, and community trust built, as there will invariably be failures. The wins and genuine effort must be seen to outweigh the losses otherwise community support will diminish. There are different ways of securing durability, but funding, legislative or other governance security, ensuring ongoing community support are essentials.

(TRANSITIONS EXPERT)

Some interviewees acknowledged that committing to establishing a body for such a lengthy period, when there is not yet a sense within the public of a 'burning platform' in relation to the future of the coal industry would be difficult to justify politically. Yet the majority of those surveyed and interviewed emphasised that the time to act is now, and that government shouldn't wait – it is important that whatever is established would survive electoral cycles and have enough time to be established before any major mine or coal plant closures. Others pointed out that important investment decisions about infrastructure and industrial development are already starting to be made which will set the entire state on a trajectory that will last for the next few decades.

## Power, Authority and Independence

Many of the interview, focus group and survey respondents emphasised that if a transition authority were to be successful, it needs sufficient power and authority to lead coordination and planning efforts and to convene the right players at the right time.

It needs sufficient clout to influence government but enough independence to not get tied up in bureaucracy.

(LOCAL GOVERNMENT REPRESENTATIVE)

Respondents also emphasised how important it is that a transition authority is able to act independently to pursue its mandate, make difficult decisions and provide ‘frank and fearless’ advice to government. As one industry representative explained:

We need an independent authority to get past the politics... But one of the major challenges is how to make any kind of authority truly independent. Does government know what this truly means, given that Queensland owns so much of the energy infrastructure?

Two other respondents reflected that a key lesson from the Latrobe Valley Authority was that while it had access to significant amounts of funding it “didn’t have the legislated authority to make things happen” over time and so many of the initial ideas generated did not come to fruition.

An authority needs powers to direct – the Latrobe Valley Authority is a good lesson where it has been less successful because engagement with it is voluntary and relies on goodwill.

(UNION REPRESENTATIVE)

Most of those interviewed and surveyed agreed that a statutory authority model was ideal, as it offers a high degree of autonomy and power to carry out its mandate (offering a degree of protection from political interference), but it can still work closely with government as defined by legislation and determined by funding and reporting arrangements. This includes a legislated mandate that spells out what it can and can’t do, and the ability to escalate issues within government as needed to get a timely response and having access to its own budget.

A statutory authority puts the responsibility and funding of coordination onto the government, which is best placed to do so (as demonstrated through global experience) – this means government is accountable to the public. Independence from government is important to take politics or change of government out of the frame.

(ENERGY SECTOR REPRESENTATIVE)

Some highlighted the need for a new statutory authority to report to the right level of government to be effective.

You wouldn’t want it to get sidelined. It would need to report to one of the main departments, like Premier and Cabinet to really get things done.

(ENVIRONMENT REPRESENTATIVE)



## Generous, Long-Term Public Funding

Another key success factor cited in the literature and across the interviews, community engagement activities and surveys was the need for the authority to have access to discrete, generous and long-term funding from government, as well as the ability to corral additional resources and expertise from across a range of government departments, private investors and philanthropists as needed. Some suggested that budgets should be allocated for at least ten years, with review periods built in every three to five years.

Funding needs to be allocated and committed for a significant length of time. It should not be at risk or contestable on an annual basis. The Authority needs to be focussed on the task not surviving financially.

(LOCAL GOVERNMENT OFFICER)

Having an independent, publicly funded budget that at least covers operational costs (at a minimum) not only allows flexibility to respond to what is needed on the ground in a timely way and to innovate as needed, but also ensures a degree of accountability to government through reporting requirements.<sup>14</sup>

Long-term funding that is expended at the discretion of the authority and free from political influence is critical.

(RESEARCHER)

One respondent also noted the importance of the public funding to protect decision making processes from corporate and other interests that might not align with the long-term wellbeing of the region.

## Calibre of Key Staff and Leadership Team

A strong theme throughout both phases of consultation was how crucial it is to appoint the right people to lead the authority, with participants emphasising the need for staff who are:

- Experienced professionals, with skills in planning, community engagement, economic development, or similar facilitation/change management processes
- Have excellent interpersonal skills and are able to garner the trust and respect necessary to build strong and lasting relationships with people across all stakeholder groups and levels of government

<sup>14</sup> For further discussion on the scale of funding required please see Page 37.

- Politically neutral and savvy enough to be able to navigate and rise above politics so that they can deliver on the mandate to decarbonise the economy while building long-term economic prosperity
- Without strong links any specific political party so that people trust that they are neutral in their decision making and recommendations
- Personally robust and courageous enough to be able to make difficult decisions that are in the region's long-term interests

As one regional economic development worker commented:

The main job of the transition authority is stakeholder engagement and management...not dropping to petty politics. The right people will get the right result re participation, etc. A statesperson is required to be at the helm initially, [someone] universally respected.

(REGIONAL ECONOMIC DEVELOPMENT EXPERT)

## Participatory and Inclusive Planning Approaches

As noted earlier and reflected in the literature, respondents continually emphasised the responsibility of the transition authority to ensure meaningful, timely, ongoing and equitable participation of all stakeholders<sup>15</sup> in decision making processes, with accountability mechanisms in place to protect against the influence of vested interests. This includes employing a range of participatory approaches to enable stakeholders to provide regular input into planning, program design, monitoring and evaluation processes. In addition to standard consultation processes (such as surveys, interviews and community workshops), examples include using more informal discussion techniques, art, mapping techniques and citizens juries to reach a wider array of stakeholders such as young people, First Nations and linguistically and culturally diverse groups. These techniques are particularly useful when developing new visions and priorities for a region.

The work that TNE is doing shows the power of facilitating discussion and opening up difficult topics in a productive way. Social repair and relationship building is still so necessary in these regions to create the social conditions that will enable a successful transition. There is discussion about the authority's budget to undertake activities and implement programs, in my view there is an opportunity to include commitment to/requirement for local participation. This would be for the purposes of: better decisions through more alignment with local needs etc.; maintaining social legitimacy; increasing understanding of the authority's impact, boundaries, scope, and so on.

(RESEARCHER)

<sup>15</sup> Stakeholders include all levels of government, different government agencies, industry, traditional owners, education and training institutions, unions, environment groups, social services, and the broader community.

As noted earlier, current government planning and consultation approaches by government are not responsive enough to deal with the rapidly changing energy context that is playing out differently across regions. Planning and coordination processes need to be cyclical and iterative, with mechanisms in place to continually communicate with the community on the changing context and outcomes of previous decision-making processes and provide easy avenues to provide input into decision making processes as circumstances change.

Mandate broad participation, representation and accountability in legislation and policies establishing transition authorities. Ensure adequate resourcing and appointment of staff committed to these principles.

(TRANSITIONS EXPERT)

The depth and breadth of consultation is crucial to the success of any transition planning activities because the quality, timing and depth of input by key stakeholders in the planning and decision-making processes determines whether the broader community is able to accept, own and successfully champion actions and outcomes.



## National, State or Regional?

Most countries that are proactively managing the transition away from fossil fuels such as Germany and the United Kingdom have established national transition planning authorities to coordinate change across the energy sector. These bodies are responsible for setting national plans and targets, and for channelling resources and support to the regions most impacted by change.

In the absence of a national plan and transition authority in Australia, some state governments have established regional transition authorities in areas that will be impacted by the closure of coal fired electricity plants and thermal coal mines, such as the Latrobe Valley in Victoria, Collie in Western Australia and the Hunter Valley in New South Wales.

The majority of those interviewed and many of those surveyed by The Next Economy agreed that the ideal model would start with a national authority that would be responsible for developing a national policy framework and targets and to provide the funding to the states to support the regions most impacted by changes in the energy sector. However, they also acknowledged that this was unlikely under the current Federal Government and so in the absence of a national authority, most respondents agreed that Queensland should establish its own transition authority to support regions as they grapple with changes in the energy sector.

The concept of a Federal or National TA is laudable but runs the risk of being derailed by the short electoral cycles in Australia and the lack of a bi-partisan approach to the economy generally and how to achieve a transition which benefits all stakeholders. We strongly support the Qld TA concept but would emphasise that Queensland needs to look at State-wide initiatives which avoid regions playing each other off or not being focussed on the wider opportunities and challenges. A good example is how do you transition the transport industry which spans the State and needs to function as a whole rather than just within regions. Another example is the resources services sector which operates from hubs rather than purely at a regional level.

(ENERGY COMPANY REPRESENTATIVE)

While there wasn't a clear consensus about whether transition authorities should be established at a state or regional level, nearly all respondents warned against 'top-down' models and emphasised that any planning and coordination efforts must be place-based, as each region is distinct, with different needs and opportunities. Many also emphasised that an authority should have a permanent presence in the regions they were working to support (with their own office and budgets), as this was key to not only to understanding the context and being able



to make timely decisions, but in developing and maintaining relationships and trust and respect across the region.

In addition to emphasising the need for a regional approach (and avoiding top-down decision making), many acknowledged the tension between ‘bottom-up’ and ‘top-down’ decision making processes. Some expressed concerns that a purely regional approach (ie: only setting up individual regional transition authorities) would limit an authorities’ ability to work effectively with state and federal governments and risk regional authorities being set up in competition with each other. To avoid this, some (particularly those working for local government) emphasised the need for a blended approach, with a state-wide strategy that has clear targets and policy frameworks in place to support decision making at a regional level. Others suggested that that given the number of regions across Queensland that would be heavily impacted by changes in the energy sector, that a central office should be established in Brisbane to connect and support semi-autonomous regional offices (with their own staff and budgets) in regions experiencing the impacts of change.

**Table 5: Survey Preferences Regarding Regional, State and National Structures**

Survey Question	# Respondents	% Respondents
<b>My preference in terms of which level of government a transition authority should be operating at is:</b>		
a. Regional Transition Authorities in each of the impacted regions which is funded by government to lead their own planning and action at a regional level	5	17.86%
b. Queensland Transition Authority that funds and supports Regional Offices to develop place-based plans and coordinate stakeholders to take action	15	53.57%
c. National Transition Authority that funds state governments to support regional authorities to carry out planning activities and coordinate action at a local level	9 <sup>16</sup>	32.14%
d. None of the above	1	3.57%

The role of the regional offices would be to support a geographically defined region to develop plans and coordinate action to manage change for long term economic benefits. Ideally, the regional offices would have some autonomy in terms of access to discrete funding and their own staff. Their mandate would be to facilitate visioning, planning and decision making at a regional level to develop context appropriate

<sup>16</sup> Two survey respondents selected both the state and national authority options, which is why the total number of responses comes to a total of 30 instead of 28.

solutions in line with local priorities, as well as to advocate for the needs of the region to state and federal governments. Regional staff would also be able to provide support and advice to state and federal governments, including helping to shape the design of any new state and federal level plans, policies and programs.

The role of the central office would be to serve the regional offices by undertaking state-wide analysis, sharing information across the regions, seeking regional input into government policy and planning, advocating for regional priorities and maintaining good relationships and communication between the regions and state and federal governments. Other advantages of having a central office include:

Ensuring highly technical decision making (eg: decisions about energy infrastructure such as managing the electricity grid) are managed by experts at a state or national level, but with direct input and feedback from regional staff to tailor solutions to the needs of each region.

- The potential to facilitate a more efficient allocation of resources by avoiding the replication of organisational processes in each region (eg: centralised administration support, research capacity and technical expertise).
- Ability to move resources and staff between regions when specific expertise is required to respond to changing needs (eg: as power station closure).
- Easier access to state government and key agencies than independent regional authorities might have because of physical proximity.
- Being able to support regional staff to push back against entrenched political dynamics at a local level to facilitate broader participation in decision making processes.
- Increased cooperation between regions for investor attention and resources, especially if the government is able to develop a state-wide plan to build on each region's comparative strengths.
- Respondents also identified some of the challenges of a more centralised approach, most notably, the risk of top-down decision making leading to programs being imposed on regions, rather than regional autonomy to ensure solutions are timely and context appropriate.

I hold some reservations about a state-level authority, primarily due to the risk that it is perceived as (or becomes) an exercise in top-down decision-making. The discussion paper, though, sets up good safeguards for avoiding this and argues the benefits of a state-based authority. The remaining risk, in my mind, is that decision-makers take the concept in the most general sense, fail to implement the structures necessary for local leadership and legitimacy, or implement them but erode them over time.

(TRANSITIONS RESEARCHER)

A practitioner supporting coal communities in New South Wales also noted the challenge in designing an authority that can work across all levels:

The QTA looks like a useful model in bringing high level expertise, learnings and efficiency, though it would live or die by the autonomy and allocated resourcing/capacity for regional offices. The ‘all places are different’ aphorism is really a defining factor here. Efforts such as worker support or regional diversification and investment attraction actually require deep knowledge of local conditions, as well as high level technical skills. For that reason, regional authorities appear to be the best model. In Queensland, given the large number of transition regions, there may be a better case for a statewide approach, to avoid zero-sum inter-regional competition. However, we have seen first hand in NSW the difficulty in making good decisions on allocating support between regions for activities like investment attraction, with swings between avoiding any type of preference based on policy rationales, to avoid views of favouritism, to clearly favouring regions with sunk public investments or political rationales. Reflecting on the Commonwealth’s role, and avoiding comment on the current priorities of government, I’ve come to the conclusion that the commonwealth’s role is an important but limited one.

## Board Representation and Accountability

A strong theme throughout the consultation process was that it is important to protect the authority from political interference so that it can stay true to its mandated purpose. While this it is impossible to do this completely, the many of those interviewed and surveyed suggested that when recruiting board members to oversee the authority, the emphasis should be on ensuring a diverse mix of skills, knowledge and networks is represented across the board.

There was no clear consensus in interviews and survey responses when participants were asked whether they thought the board should be appointed on a skills basis, or because they represented specific stakeholder groups, although slightly more people supported recruitment based on skills and professional experience.

**Table 6: Survey Responses on Board Appointments**

Survey Question	# Respondents	% Respondents
<b>What should be the basis for appointing the board overseeing the transition authority (please select one):</b>		
a. Skills based appointment	18	66.67%
b. Representative board	11 <sup>17</sup>	40.74%

Those favouring a more representative approach emphasised the importance of community representatives being able to hold the authority to account and encourage broad support for transition plans, as well as the need for the broadest possible representation to dilute the influence of government and other powerful groups.

Diversity of views, experience and perspective is a key trait for successful transition authorities. if it's dominated by State or local government, unions or business you end up with the authority only having a limited life and becoming politicised. Access to global experience beyond Queensland borders is also key especially as the future is for Queensland to become a major renewable energy exporter and clean manufacturing powerhouse.

(ENERGY COMPANY REPRESENTATIVE)

<sup>17</sup> One of the survey respondents selected both options, which is why the total number of responses comes to a total of 29 instead of 28.



Others emphasised that for representative boards to work effectively they need to be designed well. As one social researcher reflected:

For transitions to be effective they definitely require meaningful participation and a degree of ownership and control at a local level. Therefore, community participation and accountability needs to be factored into the design of a transition authority. However, a model that is governed by diverse stakeholder groups may make decision making cumbersome and protracted, when time is of the essence.

Some expressed concerns about establishing a board made up of representatives from different stakeholder groups because it could leave the transition authority vulnerable to political interference and a tendency towards low ambition and less than ideal outcomes if all views need to be incorporated into every decision. They also emphasised the complexity of the task that the transition authority would be established to undertake and that this would require leadership from people with a high degree of professional experience in areas such as regional economic development, energy, workforce development and industrial change.

There's no simple answer on the technocratic vs representative approach. A representative structure won't generally have the skills to deal with what are enormously challenging and complex issues. On the other hand, effective transition is axiomatically participatory and requires such an array of expertise that not all skills could be represented on a board. The best models have a combination. For example, a mixed board with representative actors that also have high level management, governance, technical or public policy skills, with experts with broad and high level organisational skills. This can then be augmented with a skills-based advisory committee selected for specific skills, and formal participation or consultation mechanisms that source wider and deeper community input than is possible with a representative board. If a choice is required, I would favour skills based appointments allied with participatory mechanisms. These are hard problems that require technical experience.

(TRANSITIONS EXPERT)

Almost everyone agreed that formal mechanisms need to be established to ensure that all stakeholders can provide direct input into decision making in a transparent and equitable way, whether through the establishment of advisory committees or working groups that report to the board, or through direct representation on the board.

One useful suggestion from an academic researching the energy transition was to adopt an approach that appoints board members based on their skills and experience, but who also represent a diversity of different stakeholder groups

because of their background. Another suggestion was to allocate places on the board for regional representatives.

Regardless of the approach, a strong theme across both phases of consultation was that both the staff and board need to be well respected and above reproach in terms of how they were perceived politically.

The authority should not be aligned with the government of the day or be vulnerable to political whims.

(ENVIRONMENT REPRESENTATIVE)

The decision would need to be made very early on as to whether it is a representative board, with people nominated from the various constituencies, or a board nominated by the relevant Minister but which comprises people who are expert in their field. The latter would probably be more effective, but the Minister would have to resist the idea of nominating somebody because it's their "turn."

(UNION OFFICIAL)

The importance of holding the transition authority to account regarding its progress towards fulfilling its mandate was also emphasised in interviews and survey responses. This comes down to staff being held to account both by a board with a legal responsibility to achieve the mandate, as well as to community members and stakeholders through regular, participatory feedback mechanisms.

The authority must be accountable not only for spending but for their decisions. Reports should be available to the public detailing reasons for the decisions made. The authority members should be diverse enough, and alert enough, that they avoid 'jobs for the boys' situations. Any allocation of contracts should be put to tender in an open and transparent way. Yes, this is the voice of experience.

(ENVIRONMENT REPRESENTATIVE)

Holding the transition authority board and staff accountable to the mandate (rather than a group of stakeholders) enables them to maintain neutrality and do what is best for the region (even when unpopular) while not wavering from the task of decarbonising the economy. It also gives them greater flexibility to be able to make decisions based on the best available evidence and to use a wider range of participatory tools to engage directly with community members for input into decision.

## Priority Regions

The regions that will require the most support over the coming decade as changes in the energy sector accelerate are those where there are:

- Coal fired electricity plants operating.<sup>18</sup>
- Rapid and large-scale expansion of renewable energy generation.
- Rapid industry expansion, such as the development of the hydrogen / ammonia industry, or where large-scale industries need to adapt quickly (for example, the decarbonisation of existing aluminium assets).
- Changes in mining due to the decline of fossil fuel use (both domestically and internationally) and / or the increased extraction of new economy minerals.
- Limited institutional capacity to manage change within the affected region.

According to this criteria, the regions with the most pressing need for transition planning support in:

- Central Queensland<sup>19</sup> given the acceleration of changes across industry, heavy reliance on coal and coal fired electricity generation and rapid expansion of renewable energy across the region.
- The Mackay-Isaac-Whitsunday region given the high dependence on coalmining, imminent mine closures, coal fired electricity plant proposals, and increasing renewable energy expansion.
- The Western and Southern Downs Regions, given their strong ties to coal, gas and oil production and power generation, as well as the rapid expansion of new renewable energy projects.
- The Wide Bay Burnett Region, given it is home to two coal fired electricity plants and numerous renewable energy proposals.
- The broader Townsville region, to support developments in renewable energy generation, storage and transmission, as well as the development of new industries such as hydrogen.

The other main region identified in the surveys and interviews that will require significant support to manage the energy transition is North-West Minerals Province. Four survey respondents also noted that Brisbane and the South-East Queensland region should not be ignored given that it is where most

<sup>18</sup> While Queensland's coal fired electricity fleet is younger than those in other states, coal plants across the country are closing earlier than expected as they struggle to compete with the expansion of renewable energy.

<sup>19</sup> Central Queensland includes the six regional councils of Gladstone, Banana, Rockhampton, Livingstone, Central Highlands and Woorabinda.

Queenslanders live, however as coal fired electricity plants and coalmines are located in other regions, the need appears less urgent.

It is however important to note that while Central Queensland, Mackay-Isaac-Whitsundays, the Western and Southern Downs, and Townsville were the most commonly cited priority areas, most survey respondents noted that they were not confident in suggesting which regions should be prioritised. More detailed analysis is needed to decide where the initial focus of planning efforts should be.<sup>20</sup>

**Table 7: Regional Comparison**

Region	Coal Fired Power Stations	Coalmining	Renewable Energy Expansion	Major Industry Adaptation / Expansion
Central Queensland	✓	✓	✓	✓
Mackay-Isaac-Whitsunday	✗	✓	✓	✓
Townsville	✗	✗	✓	✓
NW Minerals Province	✗	✗	✓	✓
Wide Bay Burnett (inc. N&S Burnett)	✓	✓	✓	?
Darling Downs & Southwest	✓	✓	✓	?

<sup>20</sup> A useful organising framework might be to work with the existing Regional Organisation of Council groupings, rather than individual councils (which are too small) or the REZs (which are too large)



## Funding Considerations

There is strong consensus across the literature and the interviews, engagement activities and surveys conducted by The Next Economy that the ability of the authority to be responsive and innovative is tied to having the cost of operations covered. This ensures that they can leverage and coordinate the flow of resources to effectively plan and coordinate across different sectors to meet local needs and priorities in a timely, efficient and responsive manner.

In addition to adequate levels of funding to cover operational costs, funding is also required to support workforce development, business and industry adaptation and job creation, site rehabilitation, community projects and infrastructure development.

While the provision of funding to statutory authorities comes down to an allocation in the State's budget and so would not technically be tied to any specific stream of revenue, survey respondents expressed a high level of support for redirecting revenue generated by royalties and industry profits to support transition related initiatives. Suggestions included:

- Increasing or channelling existing royalties from fossil fuel exports to support the regions that have generated so much wealth for the state for decades.
- Re-directing subsidies from fossil fuel industries to fund transition initiatives.<sup>21</sup>
- In addition to the funds needed to establish and operate transition authorities, additional funds could be sourced from government programs with specific objectives that align with particular transition objectives (for example: funding from ARENA and the CEFC to support renewable energy initiatives, the Building Better Regions Funding to support regional development initiatives, the Northern Australia Infrastructure Facility to support infrastructure development, or the Land Restoration Fund to support initiatives in the land-use sector). Public funding can also be leveraged to attract private investment and philanthropic support for specific purposes, although care will need to be taken to ensure that private or industry funds are not used to bias decision making processes.

Funding needs to be consistent with goal of delivering positive long term outcomes for all impacted workers and community members – and to

<sup>21</sup> Campbell, R. Littleton, E., Armistead, A (2021) Fossil Fuel Subsidies in Australia: Federal and state government assistance to fossil fuel producers and major users 2020–21.

create firm foundation for creating equitable, prosperous and regenerative zero carbon regional economies. Short term funding required to support immediately impacted workers and community members needs to be augmented by long term funding for zero carbon economy infrastructure, supply chains, labour market programs and services.

(TRANSITIONS RESEARCHER)

Others noted that the current sources of revenue are insufficient and that there would need to be an increase in revenue sources to be able to adequately cover the costs of transition related activities, suggesting the introduction of:

- Price on carbon (although acknowledged as unlikely)
- Increasing or introducing new taxes on fossil fuel exports
- Developing new taxes or royalty programs to capture profits from new industries (eg: hydrogen exports)

In terms of the scale of funding required, the experience of other countries and regions offer some insights.

At a national level, Germany has been the most proactive in funding the energy transition, allocating \$3.2 billion<sup>22</sup> in 2020 and 2021 to strengthen regional research institutions, transport links and infrastructure, foster tourism and improve health, education and digital services across the region. This is only a fraction of the \$64 billion that state and federal governments have committed to support economic diversification efforts in coal regions across Germany.<sup>23</sup>

The European Union has also established a Just Transition Fund to support European countries to develop and implement transition plans to the tune of \$27.7 billion. This is only a fraction of the \$1.6 trillion committed to supporting decarbonisation efforts across Europe as part of the EU's Green New Deal.<sup>24</sup>

In the Canadian Province of Alberta, the government allocated \$195 million from the province's carbon levy to create a Coal Workforce Transition Fund and Coal Community Transition Fund to support workers and regions negatively impacted by the phase out of coal-fired electricity generation. These funds were used to cover income support, career advice, labour market studies and economic diversification projects. The Canadian Federal Government provided an additional \$30 million to support transition programs for workers in Alberta's resource sector.<sup>25</sup>

22 All figures are quoted in Australian dollars.

23 Barrett, T., Downey, L. et al (2021) From the Ground Up: A Blueprint for Economic Diversification in Regional Australia.

24 [https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal\\_en](https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en)

25 Parkland Institute (2019) Alberta's Coal Phase Out – A Just Transition?

In Australia, the Victorian State Government committed \$335 million in initial funding to support the Latrobe Valley in the wake of the Hazelwood Power Station closure. This included \$20 million to establish the Latrobe Valley Authority; \$22 million for redeployment and retraining; \$20 million for a Worker Transfer Scheme; \$174 million for a Community Infrastructure & Investment Fund; \$7.8 million to upgrade public housing; \$5 million for energy efficiency upgrades for low-income households; \$17 million for a Hi-Tech Precinct. An additional \$345 million was allocated to upgrade the Gippsland Rail Line.<sup>26</sup>

The Western Australian government has committed \$100 million to support the Collie region across two funds – \$20 million designed to facilitate economic diversification through the Collie Futures Fund and \$80 million allocated to the Industry Attraction and Development Fund.<sup>27</sup>

By contrast, the New South Wales government has allocated \$25 million per year through the Royalties for Rejuvenation program to be administered by an ‘Expert Panel’ in the Hunter, with additional panels announced for Lithgow, Wollongong and North-West New South Wales.

In terms of the funding needed to support regions nationally, estimates vary considerably.

The Blueprint Institute proposes funding regional transition authorities to the tune of \$20 million to cover initial staffing, operations and initiatives, with ongoing access to 5% of coal royalties to support initiatives on the ground.<sup>28</sup>

A contrasting figure of \$5 billion is advocated in a recent report commissioned by the Business Council of Australia, WWF, Australian Council of Trade Unions and Australian Conservation Foundation,<sup>29</sup> however this figure includes costs associated with not only the disruption caused by the decline of fossil fuels, but also to support the development of new industries.

Managing change in the energy sector is expensive, however it is becoming increasingly clear that the cost of failing to decarbonise our economy and take effective climate action will be far greater than the cost of a well-managed transition that benefits everyone over the long-term.

More work is needed to model the costs of establishing a transition authority in Queensland with regional offices, as the final budget requirements will depend on its scope of work and geographic reach.

26 Wiseman, J. Workman, A. et al (2020) After the Hazelwood coal fired electricity plant closure: Latrobe Valley regional transition policies and outcomes 2017–2020. CCEP Working Paper 2010.

27 Collie Just Transition Plan (2021)

28 Barrett, T., Downey, L. et al (2021) From the Ground Up: A blueprint for economic diversification in regional Australia.

29 Accenture (2021) Sunshot: Australia's opportunity to create 395,000 clean export jobs.

# Recommendations on Transition Authority Structure and Process

As detailed above, there are a combination of factors that need to be taken into consideration in developing and refining the structure, functions and responsibilities of a new transition authority, particularly in terms of the level of autonomy in decision making, funding availability, legislated powers, longevity, relationship to government, and geographic scope.

The diagram below provides a very basic visual summary of the feedback on each of these design parameters from local government officers, companies, energy regulators, traditional owners, unions, environment groups, transition experts and educators throughout both Phase 1 and 2 of the consultation process.

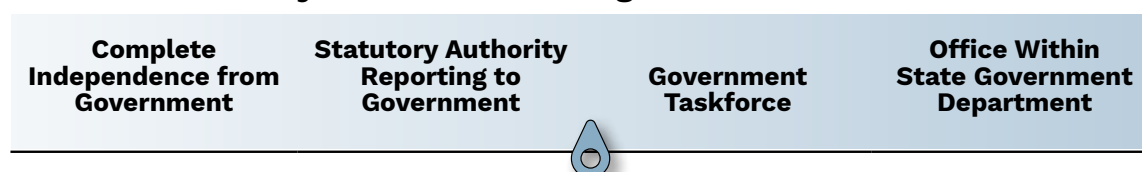
## Geographic Scope



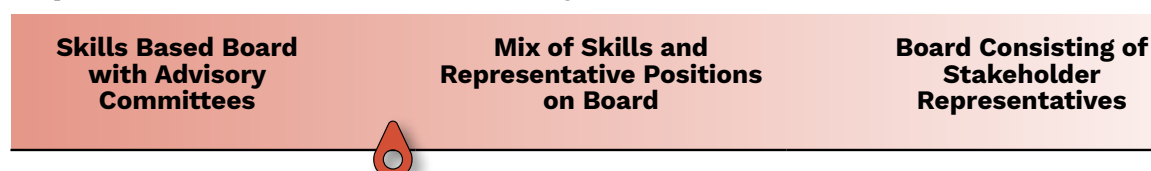
## Scope of Responsibilities



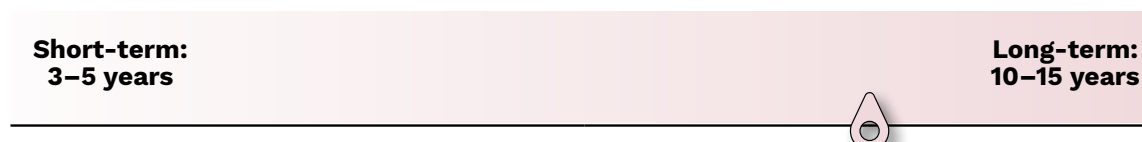
## Level of Autonomy in Decision Making



## Representation and Accountability



## Timeframe



Based on these results, as well as research undertaken by The Next Economy into the structure, role and function of transition authorities in other states and countries, our recommendation is that the Queensland Government commence the necessary work to establish a transition authority that has:

- A clearly defined mandate to support regions heavily affected by changes in the energy sector so that they are able to mitigate negative social, economic and environmental impacts and take advantage of emerging opportunities on the path to net zero emissions to strengthen and diversify their economies. The role of the transition authority should be clearly defined as **facilitating** stakeholder and community participation in planning and decision-making processes, as well **coordinating** the flow of information, expertise and resources to assist efforts across government, industry, civil society and community groups to manage change as fossil fuels are phased out and renewable energy expands to power the state.
- Clearly defined and legislated powers to ensure that the authority has sufficient autonomy to fulfil its mandate while still being accountable to government through the appropriate reporting and funding arrangements. This includes ensuring that the role of the transition authority does not overlap or compete with other agencies, but instead builds on and complements existing efforts across government and industry.
- That the mandate of the authority is tied to an overarching state framework (ideally outlined in the 10 Year Energy Plan) that can then guide regional planning and coordination as the state decarbonises its economy.
- A central office in Brisbane and regional offices in at least two priority areas, ideally starting in the Central Queensland and the Mackay-Isaac-Whitsunday regions.<sup>30</sup>
- Highly experienced, capable and respected staff and leadership. This includes appointing a well-respected, politically neutral board, consisting of members with extensive skills and experience relevant to managing economic change and regional development, but who are also representative of the different sectors and regions with a stake in the energy transition.
- Long term funding commitments (ideally a minimum of 10 years, with 5-year review periods) to enable long term planning and participatory planning processes.

<sup>30</sup> See Table 7 on Page 38 for a basic analysis of regional needs. One of the challenges in defining which regions to help will be determining the geographic boundaries of a region. The ROC structures may provide a useful framework for determining the geographic scope.



While these are the broad recommendations of The Next Economy, more detailed modelling and specialist advice is needed to investigate the legal, financial, governance, timing and practical implications of establishing a transition authority along these lines.

Once the transition authority is launched, with offices in Brisbane and a few regional locations, we recommend that regional office staff are supported to undertake a thorough participatory planning process over a 12-month period to engage stakeholders to:

- Refine the role and focus of the transition authority
- Map out the range of existing projects, initiatives, networks and plans being led by government, industry and other players that are already supporting regions to manage the energy transformation for long term economic benefit
- Identify potential resources (both in terms of funding and expertise)
- Identify priority areas for action, both in terms of managing the phase out of fossil fuel use and emissions reduction, as well as how the region can take advantage of emerging opportunities to improve economic, social and environmental wellbeing over the long term

The role of the central office during this first year would be to support regional staff in their planning and coordination efforts, and to incorporate what they are learning into a more detailed state-wide strategy that identifies priority areas and programs for Queensland as a whole. As things change across the State over time, it will be the responsibility of the central office to respond to new challenges and opportunities across the state and to liaise with government, government owned corporations and industry to provide the support and expertise as required in a timely and coordinated way.

By the end of the first year of operations, both the regional and central offices will have submitted their five-year plans, policy recommendations and budgets to the relevant state and federal governments for approval.

While more work is needed to refine the design and scope of the transition authority, we encourage the government to move quickly, given the expressed need for support across coal regions already experiencing the impacts of rapid change. Given the political sensitivity around the future of energy, there may be a temptation to wait, or to start with a small pilot in a single region, but this may leave the process open to being sidelined from central decision making processes. An authority is needed that can coordinate and facilitate planning and action across all aspects of change in the energy sector, and do so well before coalmines and plants start to close. This requires bold leadership and political

courage, but the findings from the consultation undertaken by The Next Economy throughout 2021 demonstrates strong support across all levels of government, industry, civil society and regional areas for government to take a more proactive role in supporting regions to manage the decarbonisation process.



## Conclusion

Governments played a central role in building the current energy and economic system and they will need to play a central role in constructing the new one as well. A failure to do so risks future generations inheriting a fragmented, inequitable, expensive and ineffective system. The Queensland Government is in a unique position in that it owns most of the energy generation and transmission assets and has already demonstrated during the COVID pandemic that it can act decisively to manage change.

Yet if we are to navigate the most significant transformation of our economy since the second world war in a way that strengthens and diversifies regional Australia for long term economic resilience, we cannot just leave it to government or industry to manage on their own. Queensland needs a new system to coordinate change processes across different industries, government agencies and communities to provide timely and appropriate levels of support to regions to help them adapt to a continually changing global context.

Regions are already starting to proactively build new industries and jobs. But they need far greater support at a federal and state level if they are going to be able to properly manage the risks we are facing and capture the economic benefits for current and future generations. Transition Authorities are useful vehicles to support regions to do this in a holistic and ongoing way, as long as the structures, role and scope of the authority is well defined and resourced.



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# Appendix A: Consulted Organisations

ACCIONA	Economic Development Queensland
Arup	Electrical Trades Union
Attexo Group	Energetic Communities Association
Australian Conservation Foundation	Energy Estate
Australian Council of Trade Unions	Energy Queensland
Australian Energy Market Commission	Energy Skills Queensland
Australian Manufacturing Workers Union	Fitzroy Basin Association
Australian National University	G21 – Geelong Regional Alliance
Banana Shire Council	Gidarjil Development Corporation Ltd
Bechtel	Gladstone Conservation Council
Beyond Zero Emissions	Gladstone Engineering Alliance Inc
Burnett Mary Regional Group	Gladstone Industry Leadership Group
Byelle People	Gladstone Ports Corporation
Cairns Institute, James Cook University	Gladstone Regional Council
Calliope Cattle Company	Goldwind Australia
Cement Australia	Griffith University
Central Highlands Development Corporation	Highreach Enterprises
Central Highlands Regional Council	Hunter Jobs Alliance
CFMEU – Mining and Energy Division	Hunter Joint Organisation
Clean Energy Finance Corporation	Institute for Sustainable Futures, University of Technology
CleanCo	Latrobe Valley Authority
Collie Delivery Unit, WA Government	Livingstone Shire Council
CQROC	Mt Isa City Council
CQUniversity	NRGGOS (Gladstone Power Station)
CS Energy	Office of the Coordinator-General
Department of Agriculture and Fisheries	Pace Energy Pty Ltd
Department of Employment, Small Business and Training	Port Curtis Coral Coast Trust
Department of Energy and Public Works	Powerlink
Department of Environment and Science	Queensland Alumina
Department of Premier and Cabinet	Queensland Conservation Council
Department of Regional Development and Manufacturing	Queensland Council of Unions
Department of Resources	Queensland Hydrogen Taskforce
Dept of Employment, Small Business and Training	Queensland Treasury
Dept of Regional Development, Manufacturing and Water	Queensland Treasury Corporation
Dept of State Development, Industry, Local Government and Planning	Queensland University of Technology
Dept. Employment, Small Business and Training	RDA Central and Western QLD
DP Energy Australia	Re-Alliance
	Red Earth Community Foundation
	Regional Development Australia – Darling Downs and South West

Regional Development Australia –  
Mackay Isaac Whitsundays  
RES  
Rio Tinto  
Rockhampton Regional Council  
Stanwell Corporation Limited  
Sumitomo Australia Pty Ltd  
Sunshine Hydro  
TAFE Queensland

The Services Union  
Townsville Enterprise  
Trade and Investment Queensland  
United Green  
University of Melbourne  
University of Newcastle  
University of Queensland  
WWF – Australia  
ZEN Energy Retail